Levy of service tax on sale of advertising newspapers

2181. SHRI THENNALA G. BALAKRISHNA PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether at time when the domestic newspaper industry is exposed to global competition, the levy of service tax on the sale of advertising newspapers, tantamount to curing the growth of newspaper industry in the country;

(b) whether while bringing advertising agencies business under service tax net in 1996, Government held that the tax would not be applicable to amounts paid for advertising space in newspapers; and

(c) whether newspapers are considered an essential social and community service rendered on subsidised rates and neutralised by revenue generation from advertising?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Service tax is not leviable on advertising space in print media.

(b) Government issued a clarification dated 31.10.1996 wherein it was stated that the amount paid, excluding their own commission, by the advertising agency for space and time in getting the advertisement published in the print media (*i.e.* newspapers, periodicals, etc.) or the electronic media (Doordarshan, private TV channels, AIR etc.) will not be includible in the value of taxable service for the purpose of the levy of service tax. The commission received by the advertising, agency would, however, be includible in the value of taxable service.

(c) Government takes into account all material factors while considering levy of service tax on advertising agency.

Guidelines for credit card operations

2182. SHRI THENNALA G. BALAKRISHNA PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has issued guidelines for credit card operations by banks and financial companies;